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CURRENT INTELLIGENCE WEEKLY SUMMARY

7 September 1962

THE WEEK IN BRIEF
(Information as of 1200 EDT 6 Sept)

SOVIET FOREIGN POLICY DEVELOPMENTS Page 1 25X1

Berlin: Moscow's failure to make an issue of the entry point for its war memorial guards suggests that it wished to avoid a test of Soviet access rights into West Berlin prior to probable East German moves in the near future to bar Allied military entry into East Berlin. Soviet authorities are attempting to equate the USSR's right of access to West Berlin with Allied access rights to the city.

UN tactics: Moscow's exploitation of the 30 August U-2 incident in the Far East indicates that the Russians may add this highly charged issue to a broader attack on US "provocations" in Berlin, Cuba, and Asia at the forthcoming General Assembly session. There were further signs that Khrushchev may present the Soviet case personally.

Geneva talks: Although the Soviet delegate continued to denounce the US and British draft test ban treaties, he agreed to continue three-power test ban negotiations while the disarmament conference is in recess until mid-November.

Cuba: The USSR used a joint communiqué following talks with two Cuban leaders to affirm its "right" to provide Cuba with military equipment and technicians.

Finland: After six years of sporadic negotiations, the USSR has leased the Saimaa Canal, part of which runs through Soviet territory, to Finland for 50 years.

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SOVIET CIVIL DEFENSE SHELTER POLICY Page 5 25X1

The Soviet Union apparently has decided that it can carry on a useful civil defense program without building massive deep-level bomb shelters. Present policy calls for use of shelters already built, but stresses partial urban evacuation, preparation of homemade fallout shelters, and improvization of protection in caves, underpasses, interior rooms of large buildings, and cellars.

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LAOS Page 7 25X1

There have been no announced withdrawals of North Vietnamese personnel since the evacuation of 15 "technicians and advisers" on 27 August. While significant numbers of North Vietnamese appear to have been covertly withdrawn

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from Laos during the past month, substantial elements probably remain, either in separate units or as part of Pathet Lao units. North Vietnamese forces have been reported spearheading Pathet Lao mop-up operations against the Meos in the northeastern provinces. The coalition government on 4 September approved the establishment of diplomatic relations with a number of Communist countries, including China, East Germany, and North Vietnam.

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ALGERIA Page 9

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The re-establishment of the political bureau in Algiers is a significant victory for Ben Bella. Since Wilaya IV troops no longer control the city, the political bureau should be able to operate more effectively than before, and if Ben Bella quickly restores order he will have the solid support of most of the population. He may have to make further compromises with powerful opponents such as Belkacem Krim and Mohamed Boudiaf, however, and the basic question of the political role of the army remains unresolved.

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CONGO Page 11

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Tshombé on 3 September said the UN-sponsored plan provided "the basis" for a settlement, but he obviously hopes to get the UN and Leopoldville bogged down in further negotiations on the specifics. The UN, nevertheless, proceeding as though Tshombé had in fact accepted the plan, is urging rapid implementation. Leopoldville's attempts to establish a separate northern Katanga province may become a major issue between Adoula and Tshombé, and sporadic fighting between Congolese and Katangan forces continues there. Pressure for the release of Gizenga is still rising in Leopoldville.

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PORTUGAL'S RELATIONS WITH THE CONGO Page 13

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Portuguese officials are increasingly concerned about Leopoldville's extension of aid to Angolan rebels in the Congo. Lisbon is considering economic sanctions against the Congolese. Military action cannot be ruled out, particularly if the Salazar regime should become convinced of the necessity of a military "victory" to stifle domestic discontent over the mounting costs of the Angola campaign.

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DEVELOPMENTS IN DENMARK Page 15

Jens Otto Krag, who replaced the ailing Viggo Kampmann as Denmark's prime minister on 3 September, will make no marked changes in foreign and defense policies. He faces increasing difficulties on the domestic front, however. Factionalism within his own Social Democratic party is growing, and the popularity of the coalition government has declined. Such impending matters as the farm price problem and national labor negotiations will place further strains on the government and may lead to a reorganization.

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PRE-ELECTORAL TENSIONS IN NICARAGUA Page 20

Nicaragua's preparations for presidential and congressional elections next February are already increasing the bitter rivalry between the two major parties. There is a

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strong possibility of violence before or immediately after the elections which Communist and pro-Castro elements could exploit. Small bands of Communist-led guerrillas--some recently trained in Cuba--may already be gathering in remote areas. [REDACTED]

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BRAZILIANS EXPECT MID-SEPTEMBER CRISIS Page 21

Political tensions in Brazil may come to a head between 10 and 15 September, when Congress is scheduled to consider President Goulart's demand for a plebiscite on restoration of a strong presidency. On 3 September moderate Finance Minister Walter Moreira Salles resigned, publicly criticizing the government's financial policies. Leading pro-Communist Leonel Brizola and anti-Communist Carlos Lacerda, state governors, are making violent speeches which are causing widespread reaction. With campaigning under way for congressional elections on 7 October, there is considerable doubt that a quorum can be assembled at Brasilia.

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SPECIAL ARTICLES

CHINESE REPRESENTATION IN THE UNITED NATIONS Page 1

Nationalist China is making a determined effort to maintain the edge it gained in the UN General Assembly last year when the Soviet proposal to oust Taipei and admit Peiping was decisively defeated. The continuing support of the African states, particularly the Brazzaville group, is essential for Taipei's success at the session opening 18 September. The Chinese ambassador to the US believes that such support has been assured by Taipei's intensive diplomatic efforts in African capitals. The USSR is expected to resume its efforts toward Peiping's admission. This year, however, the Soviets may concentrate on the tactic of seeking rejection of the Taipei delegation's credentials. This would be a procedural question needing only a majority vote for approval, whereas the ouster of Nationalist China and admission of Peiping would be an "important question" and would require a two-thirds vote to pass. [REDACTED]

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INDIA'S ECONOMY UNDER THE THIRD FIVE-YEAR PLAN Page 4

During the first 18 months of India's \$25 billion Third Five-Year Plan the economy has not measured up to the goals set, although its performance has been good even by Western standards. Administrative remedies are being applied to break bottlenecks, boost production, and conserve fast-dwindling foreign exchange reserves. Major reductions in plan targets appear unavoidable. [REDACTED]

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